

## Message Text

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44

ACTION EA-14

INFO OCT-01 ISO-00 OMB-01 AID-20 CIAE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 DRC-01 IO-14 DLOS-06 CG-00 COA-02 ACDA-19

TRSE-00 COME-00 AGR-20 IGA-02 /174 W

----- 019239

R 071000Z MAR 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 1185

INFO CINCPAC

DOD

C O N F I D E N T I A L JAKARTA 2885

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, ID

SUBJ: MEETINGS WITH PRESIDENT AND FOREIGN MINISTER

1. VARIOUS SIGNALS RECEIVED FROM WASHINGTON SUGGEST CLEARLY LIKELIHOOD THAT WE MAY BE REQUIRED IN NEAR FUTURE TAKE ACTIONS AFFECTING OUR RELATIONS WITH INDONESIA WHICH COULD RUN RISK NEGATIVE AND POLITICAL REACTION BY INDONESIJMNS. THI RISK PARTICULARLY GREAT IN WAKE OF JANUARY DISORDERS SINCE SUHARTO (AND INDONESIAN ELITE) ARE SENSITIVE TO REAL OR IMAGINED SIGNALS FROM ABROAD OF FAILING CONFIDENCE IN GOI. I HAVE IN MIND (A) POSSIBLE FURTHER ADJUSTMENTS IN OUR ECONOMIC AID LEVEL; B) POSSIBLE CUT IN FY-74 MAP LEVEL OWING CAMBODIAN REQUIREMENTS: C) ABRUPT WITHDRAWAL POLICE PROGRAM; D) PO SIBLE REQUEST TO GOI TO ASSUME FURTHER COSTS ICCS CONTINGENTGMV

2. THESE ACTIONS MAY COME AT TIME WHEN WE ARE SEEKING

) RETAIN MEANINGFUL INDONESIAN CONTINGENT IN ICCS;

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B) MINIMIZE INDONESIAN NON-ALIGNED TENDENCIES, PARTI-

CULARLY TOWARD PRG AND GKR; C) REACH AGREEMENT WITH INDONESIA ON ISSUES WHICH WILL ARISE AT LOS CONFERENCE, INCLUDING FREE TRANSIT OF INTERNATIONAL STRAITS.

3. WE FULLY APPRECIATE HEAVY PRESSURES AND DIFFICULT DECISIONS FACING WASHINGTON AND RECOGNIZE THAT POLITICAL GROUNDS ARE MAIN GROUNDS FOR CONTINUED FLOW TRADITIONAL LEVEL CONCESSIONARY RESOURCES TO INDONESIA IN LIGHT THEIR NEW REVENUES AND OUR NEEDS ELSEWHERE. NEVERTHELESS, IN RECOGNITION OUR INTERESTS AND OBJECTIVES HERE, WE DO

URGE INDIVIDUAL WASHINGTON DECISIONS BE MADE WITH TOTAL PICTURE IN MIND INCLUDING OTHER REDUCTIONS. RAPID SERIES UNCOORDINATED DRASTIC REVISIONS OUR TRADITIONAL PROGRAMS COULD CAUSE US SEVERE PROBLEMS IN FULFILLING OBJECTIVES LISTED ABOVE.

4. I HAVE, MEANWHILE, REQUESTED APPOINTMENTS WITH PRESIDENT SUHARTO AND FOREIGN MINISTER MALIK FOR INITIAL DISCUSSIONS OUR RELATIONS. MEETINGS POSSIBLE NEXT WEEK. SUBJECT VIEWS WASHINGTON, I WOULD PROPOSE LAYING FOUNDATION FOR SUCH ACTIONS AS WE MAY NEED TAKE IN FUTURE BY USE FOLLOWING TALKING POINTS:

A) LONG FRIENDSHIP BETWEEN U.S. AND INDONESIA SUGGESTS NEED FOR CLOSEST POSSIBLE UNDERSTANDING AT TIME WHEN BOTH COUNTRIES FACING SPECIAL CIRCUMSTANCES. INDONESIA LAUNCHING NEW FIVE YEAR PLAN; U.S. FACING UNIQUE PRESSURES OF CURRENT WORLD SITUATION AND DOMESTIC OPINION.

B) VISITS DEPUTY SECRETARY RUSH AND ASSISTANT SECRETARY INGERSOLL HAVE REAFFIRMED INTEREST U.S. IN INDONESIA, APPRECIATION INDONESIA'S WORLD ROLE, AND DESIRE FOR CLOSEST COOPERATION. EACH HAS ALSO POINTED OUT CIRCUMSTANCES MAY REQUIRE ADJUSTMENTS IN AID RELATIONSHIP. EACH WAS IMPRESSED WITH IMPORTANCE PRESIDENT SUHARTO ATTACHED TO ECONOMIC DEVELOPMENT AND EXPRESSED DESIRE U.S. COULD CONTINUE COOPERATE IN THIS DEVELOPMENT.

C) MY MISSION IN INDONESIA IS TO CONTINUE SUPPORT THIS COOPERATION AND RELATIONSHIP TO FULLEST EXTENT POSSIBLE EVEN THOUGH PRESSURES ON AVAILABLE U.S. FUNDS, CONFIDENTIAL

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NEEDS ELSEWHERE MAY REQUIRE SOME ADJUSTMENTS. WE DO RECOGNIZE INDONESIA'S GREAT NEEDS DESPITE ITS SUBSTANTIAL NEW REVENUES FROM OIL. WITHIN LIMITS OF FINANCIAL RESOURCES WHICH MAY BE AVAILABLE, WE INTEND TO CONTINUE PROGRAMS OF KIND CALLED FOR BY RECENT U.S. AID LEGISLATION AND INDONESIAN SECOND YEAR PLAN, EMPHASIZING IMPROVEMENTS FOR THE POORER ELEMENTS OF SOCIETY THROUGH ASSISTANCE IN THE FIELDS OF

POPULATION AND HEALTH, EDUCATION , AGRICULTURE AND RURAL DEVELOPMENT. SHOULD REDUCTIONS IN CONCESSIONARY AID PROVE UNAVOIDABLE, WE WILL SUGGEST AND SUPPORT ALTERNATIVE SOURCES OF FINANCING FOR WORTHWHILE PROJECTS. (FYI - I HAVE IN MIND EXIM AND OUR SUPPORT FOR IBRD AND ADB PROJECTS(8.)

D) EACH VISITOR HAS REITERATED WASHINGTON RECOGNITION IMPORTANCE PRESIDENT ATTACHES CONTINUED STRENGTHENING INDONESIA'S DEFENSE. U.S. PREPARED CONTINUE HELP IN THIS AREA. PRESSURES CURRENTLY GREAT ON GRANT FUNDS, BUT WE WILL SEEK MAINTAIN BEST LEVEL POSSIBLE, SUPPLEMENTED BY SALES AT CONCESSIONAL PRICE OUT OF DEFENSE STOCKS SUCH AS DES) AND IN FUTURE BY OFFERS OF CREDIT FOR

MILITARY PURCHASES.

E) VISITORS ALSO VALUED OPPORTUNITY DISCUSS WIDER WORLD PROBLEMS INCLUDING INDIAN OCEAN. AT TIME WHEN U.S. PUBLIC AND CONGRESSIONAL OPINION FOCUSED ON U.S. RELATIONSHIP WITH DEVELOPING NATIONS AND CONCERNED AT NEGATIVE ATTITUDES TOWARD US, IT IS IMPORTANT WE HAVE CLOSEST POSSIBLE UNDERSTANDING WITH OUR FRIENDS ON OUR OBJECTIVES AND ACTIONS. WE RECOGNIZE THERE MAY BE DIFFERENCES OF VIEWS AND WE RESPECT OTHERS' OPINIONS. AT SAME TIME, WE HOPE WHAT WE CAN DO CAN BE SEEN IN CLEAR PERSPECTIVE ITS ACTUAL NATURE AND IN RELATION TO WHAT OTHERS MAY ALSO BE DOING. WE BELIEVE WE CAN ACHIEVE THIS BY CONTINUING DIALOGUE ON WORLD AND AREA DEVELOPMENTS.

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